From: Wayne Watters [wwatters@tccu.net]
Sent: Wednesday, February 04, 2009 10:11 AM
To: _Regulatory Comments
Subject: Letter No.: 09-CU-02

In response to Letter No.: 09-CU-02, I offer the following reply.

At a point in time where many financial institutions are requesting infusions of cash from the federal government, we remain strong. Our practice of exercising conservative investment strategies has proven to safeguard our account holders' trust in us. It has been this conservative approach that has maintained our liquidity. Conversely, U.S. Central and the corporate credit unions are facing liquidity concerns, and NCUA has made it a priority to stabilize their financial position. However, the strategy presented may weaken the financial position of the natural person credit unions in the process.

It is stated that the strategy being developed will ensure appropriate levels of capital, effective diversification of investments, and a restructuring of the system to produce more efficient institutions. This restructuring of the existing corporate system is an imperative step toward addressing their current condition and reducing the likely recurrence of this position in the future.

The appropriate levels of capital mentioned above will be attained through a capital infusion carrying a significant cost implication for all natural person credit unions. The discussed method is presented as the lower cost alternative than the liquidation and sale of the distressed securities, placing the cost for the poor asset management on the credit unions that had no fault in the decision to purchase them.

Writing off a portion of our existing NCUSIF deposit while further assessing a premium will agreeably result in a decline in the return on assets and net worth ratio of the natural person credit unions. This measure will carry a significant impact - enough to cause negative income for some credit unions. This may then cause concern during their next exam and certainly by the membership of those credit unions.

This measure would be equivalent to the natural person credit union absorbing a percentage of each member's share hold and charging a monthly premium to rebuild the credit union's liquidity. It does not seem like a productive solution to pass the cost of liquidity on to the account holders.

I do agree that the corporate credit unions have provided valuable services to the natural person credit unions. In the same regard, the natural person credit unions have offered valuable services to our members. These are services that are offered at competitive rates, but they are indeed services that carry cost. We will certainly explore programs referenced on the NCUA website for opportunities to invest additional funds as they are available with our corporate credit union.

Should NCUA's measure be acted upon, I would like to address the following:

- Has U.S. Central and the corporate credit unions explored assistance through TARP or the "Bail Out" money currently being allocated by the federal government?
- Has NCUA explored placing the corporate credit unions under a conservator as would be done with a natural person credit union? This action would ensure NCUA control and offer the member credit unions assurance their funds are being utilized properly. Options should be explored above and beyond funding their losses without applying controls.
- I would like to see the plan for the money collected - how it will be utilized and divided out.

- As a stakeholder in this strategy, I would like to see a viable strategic plan to cut expenses and reassure us that our cash will be used appropriately.
- NCUA's restructuring plan for the corporate credit unions should be made available to all credit unions to review.
- As the government received a return on their investment into the banks, I would like to know what will be our return on this investment into U.S. Central and the corporate credit unions.
- Lastly, I would like to know how this money will be repaid.

I appreciate your time to review and address this reply.

Travis County Credit Union

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